

FDIC State Profile

Spring 2006

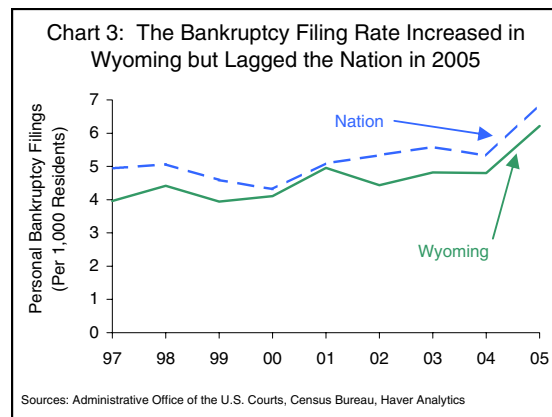
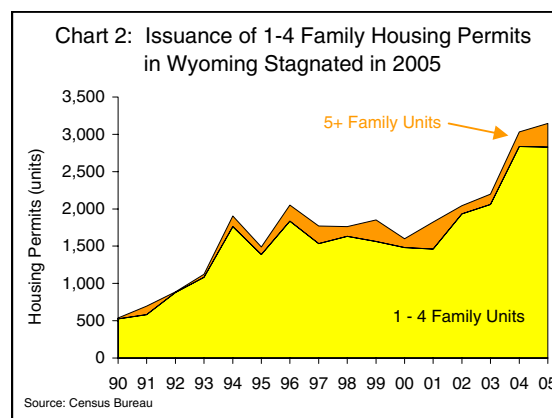
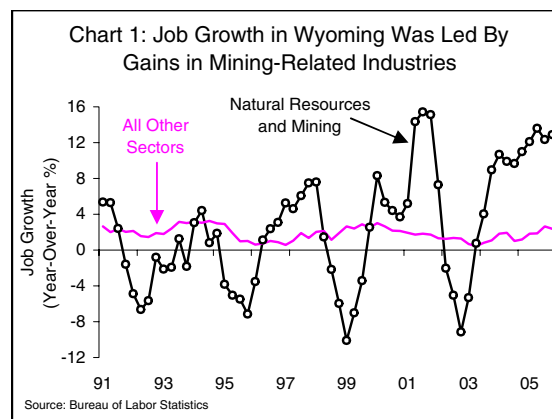
Wyoming

Wyoming job growth remained strong but very dependent on the mining sector.

- Year-over-year job growth in Wyoming accelerated to 3.2 percent in fourth quarter 2005 from one year ago, advancing the state to sixth nationwide.
- Higher energy prices encouraged production and new exploration in Wyoming, fueling job growth. Jobs in the state's natural resource and mining sector grew at a 12.9 percent pace during 2005 and accounted for one in three new jobs during the year (see Chart 1).
- Hiring was spread throughout Wyoming. **Casper**, which continued to benefit from mining activity, saw year-over-year job growth in fourth quarter 2005 of 2.3 percent, and **Cheyenne** reported 2.4 percent job growth.
- Forecasts indicate that Wyoming job gains may moderate in 2006 if energy prices decline, but will likely outpace the nation.¹
- Although commodity prices and weather conditions were favorable during 2005, rising energy costs and interest rates could pressure the state's farm sector prospectively.

Rising interest rates may pressure housing markets.

- The mix of job growth and affordable housing in Wyoming attracted new residents, but the issuance of 1–4 family housing permits may have plateaued (see Chart 2). Permitting trends varied around the state. **Laramie**, **Gillette**, **Casper**, and **Rock Springs** reported year-over-year increases in permit issuance, while **Cheyenne** and **Sheridan** reported declines.
- Year-over-year home price gains remained near historical highs and matched the national rate of 13 percent. However, rising interest rates could weigh on Wyoming's housing market going forward.
- Innovative mortgages and investors may be influencing housing demand.² Interest-only and negative amortization



¹Forecast data from Moody's Economy.com.

²Based on subprime and Alt-A private mortgage securitizations tracked by LoanPerformance. Alt-A loans include mortgages that have near-prime credit quality, lack full loan documentation, or are secured by investor properties.

loans accounted for 26 percent of non-prime mortgage originations in Wyoming during the first 11 months of 2005. During the same period, investors and second-home purchasers accounted for 27 percent of Wyoming Alt-A mortgage originations.

Wyoming consumers face increasing pressure.

- Energy costs could burden household pocketbooks as more than 90 percent of homes in the state are heated using natural gas or electricity. Higher residential energy prices are forecast to increase slightly in 2006 from already elevated levels.³
- Also, rising interest rates and higher minimum payments on credit card balances could pressure some consumers.
- Personal bankruptcy filings in Wyoming increased in 2005 to 6.2 filings per thousand residents, up from 4.8 in 2004 (see Chart 3). Similar to nationwide trends, filings increased in large part because of new bankruptcy legislation that took effect in October 2005.
- Forecasts indicate that the state's filing rate may decline in 2006 but then drift upward in 2007.⁴

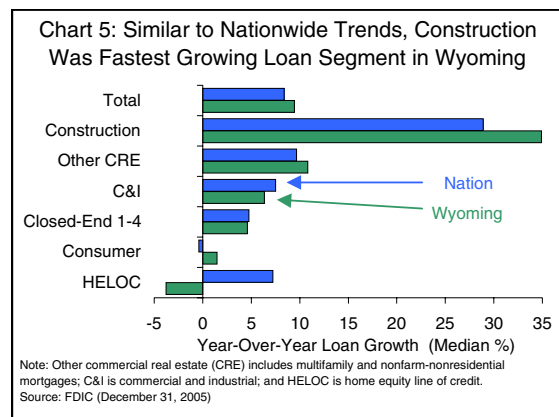
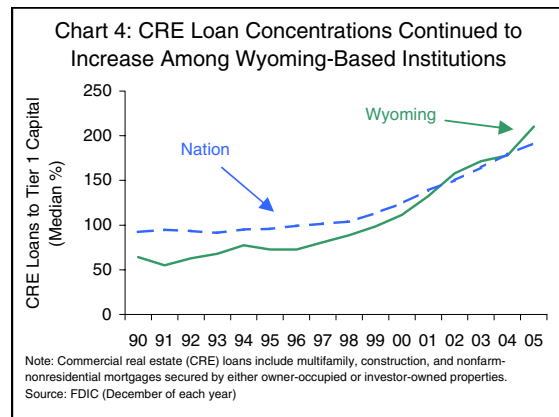
Commercial real estate (CRE) loan exposures increased among Wyoming institutions.

- The median CRE loan⁵-to-Tier 1 capital ratio in the state increased to 210 percent at year-end 2005, surpassing nationwide levels (see Chart 4).
- Growth in traditionally higher-risk construction and development (C&D) loans contributed to the trend. C&D loans increased to 53 percent of Tier 1 capital, up steadily from 10 percent at year-end 1998, reflecting higher permit activity throughout the state.
- Statewide past-due CRE loan ratios improved to 0.76 percent on a median basis, down from 1.25 percent in late 2004. Although declining, delinquent CRE levels remained above the nationwide median of 0.46 percent.

Rising interest rates tempered net interest margins (NIMs) and investment portfolio values.

- The fourth quarter pretax return on assets ratio among Wyoming-based institutions eased slightly year-over-year to 1.61 percent. Higher overhead expenses weighed on results, and rising interest rates compressed NIMs mildly as increases in funding costs outpaced asset yields.

- Rising interest rates also created net unrealized investment portfolio losses by year-end 2005. Securities portfolios, which represent an important 22 percent of bank and thrift balance sheets, may be vulnerable to additional pricing pressure should interest rates rise further.
- Overall past-due loans improved year-over-year to 1.42 percent, but delinquencies continued to exceed a national median of 1.34 percent. Late payments on commercial and industrial and consumer loans rose mildly relative to late 2004 and outpaced other major loan categories.
- Median annual loan growth of 9.5 percent decelerated slightly from year-ago levels but exceeded nationwide growth rates. C&D portfolios expanded strongly during the year, while outstanding home equity lines contracted (see Chart 5).



³Forecast data from the Energy Information Administration's 2006 Annual Energy Outlook.

⁴Forecast filing rate calculated using Moody's Economy.com forecast data for bankruptcy filings and population.

⁵Commercial real estate loans include construction, multifamily, and nonfarm-nonresidential mortgages.

Wyoming at a Glance

ECONOMIC INDICATORS (Change from year ago, unless noted)

Employment Growth Rates	Q4-05	Q3-05	Q4-04	2004	2003
Total Nonfarm (share of trailing four quarter employment in parentheses)	3.2%	3.4%	1.9%	2.1%	0.9%
Manufacturing (4%)	1.0%	2.1%	0.3%	1.3%	-1.8%
Other (non-manufacturing) Goods-Producing (16%)	10.3%	10.6%	3.5%	4.3%	-0.1%
Private Service-Producing (55%)	2.2%	2.4%	1.9%	1.8%	1.1%
Government (25%)	1.4%	1.2%	1.2%	1.6%	1.3%
Unemployment Rate (% of labor force)	3.6	3.9	3.9	3.9	4.4
Other Indicators	Q4-05	Q3-05	Q4-04	2004	2003
Personal Income	N/A	6.2%	7.2%	6.8%	4.8%
Single-Family Home Permits	13.2%	-0.8%	29.5%	30.7%	9.6%
Multifamily Building Permits	42.2%	-40.3%	62.7%	83.9%	-3.2%
Existing Home Sales	-9.6%	8.8%	20.8%	15.8%	7.5%
Home Price Index	12.8%	11.9%	11.4%	9.5%	6.1%
Nonbusiness Bankruptcy Filings per 1000 people (quarterly annualized level)	8.16	6.30	4.22	4.81	4.82

BANKING TRENDS

General Information	Q4-05	Q3-05	Q4-04	2004	2003
Institutions (#)	43	43	44	44	46
Total Assets (in millions)	6,185	6,028	5,688	5,688	5,561
New Institutions (# < 3 years)	0	0	1	1	1
Subchapter S Institutions	24	23	20	20	21
Asset Quality	Q4-05	Q3-05	Q4-04	2004	2003
Past-Due and Nonaccrual Loans / Total Loans (median %)	1.42	1.48	1.73	1.73	2.00
ALLL/Total Loans (median %)	1.14	1.14	1.18	1.18	1.20
ALLL/Noncurrent Loans (median multiple)	2.76	2.76	1.46	1.46	1.47
Net Loan Losses / Total Loans (median %)	0.03	0.02	0.02	0.06	0.07
Capital / Earnings	Q4-05	Q3-05	Q4-04	2004	2003
Tier 1 Leverage (median %)	9.00	9.02	8.90	8.90	8.61
Return on Assets (median %)	1.31	1.37	1.25	1.25	1.32
Pretax Return on Assets (median %)	1.61	1.90	1.64	1.47	1.59
Net Interest Margin (median %)	4.21	4.45	4.38	4.34	4.22
Yield on Earning Assets (median %)	6.43	6.28	5.89	5.78	5.74
Cost of Funding Earning Assets (median %)	2.08	1.80	1.35	1.32	1.52
Provisions to Avg. Assets (median %)	0.09	0.11	0.09	0.12	0.10
Noninterest Income to Avg. Assets (median %)	0.58	0.64	0.49	0.49	0.59
Overhead to Avg. Assets (median %)	2.98	2.77	2.89	2.80	2.90
Liquidity / Sensitivity	Q4-05	Q3-05	Q4-04	2004	2003
Loans to Assets (median %)	63.1	63.8	64.0	64.0	59.9
Noncore Funding to Assets (median %)	18.5	17.9	18.1	18.1	16.5
Long-term Assets to Assets (median %, call filers)	13.1	12.7	14.5	14.5	18.0
Brokered Deposits (number of institutions)	11	12	15	15	13
Brokered Deposits to Assets (median % for those above)	1.6	1.7	1.8	1.8	2.0
Loan Concentrations (median % of Tier 1 Capital)	Q4-05	Q3-05	Q4-04	2004	2003
Commercial and Industrial	120.5	130.4	131.4	131.4	133.4
Commercial Real Estate	210.3	188.4	178.1	178.1	171.5
<i>Construction & Development</i>	52.8	45.6	34.6	34.6	32.2
<i>Multifamily Residential Real Estate</i>	2.8	3.0	3.6	3.6	2.6
<i>Nonresidential Real Estate</i>	135.2	143.9	123.2	123.2	113.4
Residential Real Estate	111.0	125.9	105.7	105.7	103.2
Consumer	45.5	48.7	53.4	53.4	56.7
Agriculture	61.7	59.3	68.0	68.0	94.4

BANKING PROFILE

Largest Deposit Markets	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Cheyenne, WY	14	1,066	< \$250 million	35 (81.4%)
Casper, WY	7	1,048	\$250 million to \$1 billion	8 (18.6%)
			\$1 billion to \$10 billion	0 (0%)
			> \$10 billion	0 (0%)